

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4258-01  
Bill No.: SB 483  
Subject: Education, Elementary and Secondary; Education, Higher; Elementary and Secondary Education Department; Higher Education Department  
Type: Original  
Date: January 31, 2012

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Bill Summary: This proposal creates the Early High School Graduation Scholarship Program for public high school students who graduate from high school early.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Revenue	(Unknown - More than \$314,041)	(Unknown - More than \$144,500)	(Unknown - More than \$144,952)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - More than \$314,041)</b>	<b>(Unknown - More than \$144,500)</b>	<b>(Unknown - More than \$144,952)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Early High School Graduation Scholarship Program Fund I*	\$0	\$0	\$0
Early High School Graduation Scholarship Program Fund II*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Offsetting Transfers In and Distributions are Unknown - More than \$100,000 annually**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of State Treasurer** state this proposed legislation will have no fiscal impact on their agency.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Higher Education (DHE)** assume that DESE will estimate the actual program costs. DHE does not have information on the number of high school students who do, or are likely to graduate early and thus generate costs to the state in this program. However, it is assumed that for each eligible student there will be a cost to the state equal to the per Weighted Average Daily Attendance (WADA) state funding for each eligible student.

DHE assumes that it would have to reprogram the software it uses to administer financial aid programs, FAMOUS, to include this new program. The cost of reprogramming FAMOUS is

ASSUMPTION (continued)

estimated to be approximately \$175,000 and is a one-time expense. DHE assumes that funds for this reprogramming would be appropriated to DHE rather than to OA ITSD.

DHE also assumes they would need to hire one new staff person to perform the additional duties required for this program. The DHE assumes they would hire one new staff person (Program Specialist) to perform the duties associated with the new program, and that the program specialist's starting salary would be at the low end of the UPC range.

Finally, DHE assumes that it would require approximately \$5,000 per year to provide information about this new program to potentially eligible students. This money would be spent on design and production of print publications to be disseminated at college fairs and other events at which DHE already provides information about financial aid, as well as other forms of outreach in which DHE is already involved.

**Oversight** assumes travel and other forms for outreach are already being done by DHE and the only additional promotional costs would be to prepare a publication to be posted on the internet which should be a one time cost.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there will be an undetermined cost to the state. Because of a lack of data there is no way to accurately estimate the increased cost. Basing cost projections on the current number of students graduating early would not yield reliable numbers, because the scholarship incentive would likely significantly increase early graduation numbers.

DESE is required to confirm with the high school from which the eligible student graduated that he or she has completed all of the eligibility requirements of the program. DESE must also confirm that student has enrolled in, and is attending, a public or private institution of higher education or participating in a dual enrollment program, as applicable. DESE will require 1.0 FTE administrative assistant to carry out these duties.

Local school districts will likely incur costs to inform students and parents about the early high school graduation scholarship in accordance with the requirements of the proposal and to confirm that students have completed all of the eligibility requirements of the program. DESE defers to local school districts regarding the significance of those administrative costs. In addition, it is unknown to what extent the program grants may offset administrative costs.

**Oversight** assumes DESE would not require a full-time person to perform the verifications required by this proposal. If the DESE duties outlined in this proposal required additional

ASSUMPTION (continued)

personal services, DESE may request additional funding through the appropriations process.

**Oversight** assumes the proposal states that the Department of Higher Education shall implement and administer the program.

Officials from the **Parkway School District** state this proposal is not expected to have a significant fiscal impact on their district.

Officials from the following colleges and universities indicated little or no fiscal impact associated with this proposed legislation: **Northwest Missouri State University, Missouri State University, Linn State Technical College, Missouri Southern State University, University of Central Missouri, Kansas City Metropolitan Community College, Missouri Western State University, and Lincoln University.**

FISCAL IMPACT - State Government

FY 2013  
 (10 Mo.)

FY 2014

FY 2015

**GENERAL REVENUE**

Cost - Department of Elementary and  
 Secondary Education (DESE) -  
 Scholarship and grant funding

(Unknown -  
 Expected to  
 Exceed  
 \$100,000)

(Unknown -  
 Expected to  
 Exceed  
 \$100,000)

(Unknown -  
 Expected to  
 Exceed  
 \$100,000)

Cost - Department of Higher Education  
 (DHE) - Program Costs

Personal Services (1 FTE)

(\$23,830)

(\$28,882)

(\$29,171)

Fringe Benefits

(\$12,616)

(\$15,290)

(\$15,443)

Equipment and Expense

(\$2,595)

(\$328)

(\$338)

IT Expense

(\$175,000)

\$0

\$0

(\$214,041)

(\$44,500)

(\$44,952)

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE**

(Unknown -  
More than  
\$314,041)

(Unknown -  
More than  
\$144,500)

(Unknown -  
More than  
\$144,500)

Estimated Net Effect on FTE for General  
 Revenue

1 FTE

1 FTE

1 FTE

FISCAL IMPACT - State Government

FY 2013  
 (10 Mo.)

FY 2014

FY 2015

**EARLY HIGH SCHOOL  
 GRADUATION SCHOLARSHIP  
 PROGRAM FUND I**

Transfer In - DESE - Scholarship and  
 Grant Funding

Unknown -  
 More than  
 \$100,000

Unknown -  
 More than  
 \$100,000

Unknown -  
 More than  
 \$100,000

Distributions - Students and School  
 Districts - Scholarships and Grants

(Unknown -  
 More than  
\$100,000)

(Unknown -  
 More than  
\$100,000)

(Unknown -  
 More than  
\$100,000)

**ESTIMATED NET EFFECT ON  
 EARLY HIGH SCHOOL  
 GRADUATION SCHOLARSHIP  
 FUND I**

**\$0**

**\$0**

**\$0**

**EARLY HIGH SCHOOL  
 GRADUATION SCHOLARSHIP  
 PROGRAM FUND II**

Transfer In - DESE - Scholarship and  
 Grant Funding

Unknown -  
 More than  
 \$100,000

Unknown -  
 More than  
 \$100,000

Unknown -  
 More than  
 \$100,000

Distributions - Students and School  
 Districts - Scholarships and Grants

(Unknown -  
 More than  
\$100,000)

(Unknown -  
 More than  
\$100,000)

(Unknown -  
 More than  
\$100,000)

**ESTIMATED NET EFFECT ON  
 EARLY HIGH SCHOOL  
 GRADUATION SCHOLARSHIP  
 FUND II**

**\$0**

**\$0**

**\$0**

LMD:LR:OD

FISCAL IMPACT - Local Government

FY 2013  
(10 Mo.)

FY 2014

FY 2015

**LOCAL POLITICAL SUBDIVISIONS**

Income - Schools - Grant Distributions

Unknown -  
 Could exceed  
\$100,000

Unknown -  
 Could exceed  
\$100,000

Unknown -  
 Could exceed  
\$100,000

**ESTIMATED NET EFFECT ON  
 LOCAL POLITICAL SUBDIVISIONS**

Unknown -  
Could exceed  
\$100,000

Unknown -  
Could exceed  
\$100,000

Unknown -  
Could exceed  
\$100,000

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§173.1300.1

This proposal creates the "Early High School Graduation Scholarship Program," to be implemented and administered by the Department of Higher Education (DHE). The program will provide two different types of scholarships to students who graduate early from public high school in Missouri.

§173.1303 and 173.1306

A student who graduates from high school in no more than thirty-six months and meets certain other requirements will be offered a scholarship in an amount equal to ninety percent of the school district's state aid payments pursuant to the provisions of §163.031, 163.043, and 163.044 for the year immediately preceding the eligible student's receipt of the high school diploma, divided by the district's weighted average daily attendance for the year immediately preceding the student's receipt of the high school diploma shall be placed in the funds established in §173.1303.5 and §173.1306.4. A student can use the scholarship for tuition, mandatory fees, or both, if attending a public or private institution of higher education in Missouri. A student who has participated in a dual-credit or dual-enrollment program through his or her high school and an institution of higher education may also use the scholarship funds to pay any fees to receive official post-secondary credit for work completed through the program. When a scholarship recipient enrolls in a higher education institution, the institution must apply to the charges for

LMD:LR:OD



FISCAL DESCRIPTION (continued)

tuition and mandatory fees the lesser of the amount of the scholarship or the actual tuition or mandatory fees.

A student who graduates from high school in no more than forty-one months will be offered a scholarship in the same amount as described previously. A student who receives such a scholarship must use the funds to participate in a dual enrollment program or to pay any fees necessary to receive official post-secondary credit for work completed through such program.

§173.1303.2 and §173.1306.1

The student's school district will be offered a grant in an amount equal to ten percent of the district's state aid payments, divided by the district's weighted average daily attendance for the year immediately preceding the student's graduation.

§173.1303.5 and §173.1306.4

This proposal creates two separate funds in the State Treasury. The Department of Elementary and Secondary Education (DESE) must place an amount equal to the total of the scholarship and grant amounts in one of the funds, depending on how early a student graduates from high school. DHE will use these funds to distribute the scholarships and grants. After distributing the grant moneys, DHE will determine the scholarship amount for each student by dividing the remaining moneys in the fund by the number of eligible students.

§173.1309.2

DESE must confirm the student's graduation and higher education enrollment with the high school and institution of higher education, in cooperation with DHE.

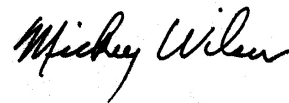
§173.1309.3

Each public high school must provide information about the scholarship program to students and include the number and type of credits necessary to meet the program's eligibility requirements and the appropriate order in which those courses must be earned.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Higher Education  
Office of Secretary of State  
    Administrative Rules Division  
Office of State Treasurer  
School Districts  
    Parkway  
Colleges and Universities  
    Northwest Missouri State University  
    Missouri State University  
    Linn State University  
    Missouri Southern State University  
    University of Central Missouri  
    Kansas City Metropolitan Community College  
    Missouri Western State University  
    Lincoln University



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Director  
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